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25 June 1958

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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

25 June 1958

DAILY BRIEF

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I. THE COMMUNIST BLOC

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25X1 * Moscow embassy demonstrations: A TASS report of 24 June, charging that American authorities encouraged the demonstration against the Soviet UN mission in New York on 22 June, closely parallels TASS reports that preceded the violent demonstrations outside the West German and Danish embassies in Moscow. This raises the possibility of similar incidents directed against the American Embassy in Moscow. In view of the important negotiations in which the United States and the USSR are engaged, however, the Soviet leaders may prefer to exercise greater restraint if a demonstration is staged outside the American Embassy.

i

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No

* Geneva technical talks: The Soviet aide-memoire of 24 June, agreeing to technical talks in Geneva on nuclear test controls starting on 1 July, adds a Rumanian expert to the Soviet-led panel in order to maintain the principle of parity following the addition of a Canadian expert to the Western panel. The USSR has retreated somewhat from its earlier position that an agreement by the experts would imply a Western commitment to suspend tests and now asserts that the work of the experts "should aid in the most rapid cessation of tests."

No

USSR--summit tactics: Moscow is seeking to offset the damaging effects of the Hungarian executions by reaffirming both in private diplomatic channels and in propaganda its desire for summit talks. Deputy Foreign Minister Kuznetsov and Ambassador Menshikov assured Ambassador Thompson on 20 June that the USSR wants a summit conference, or, if this is impossible, a high-level meeting with the United States. Kuznetsov appeared to hint at a compromise in which the USSR might consent to discuss German reunification and Eastern Europe in exchange for Western agreement not to include these subjects on the formal agenda.

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II. ASIA-AFRICA

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Cyprus: [redacted]

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[redacted] The Turkish Government is taking extensive military precautions in Izmir to prevent any incident there involving NATO headquarters or US, British, and Greek installations. Isolated incidents continue on Cyprus, and Governor Foot has flown to London for consultations.

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Thailand: Marshal Sarit, leader of the Thai ruling clique, is disturbed over rumors of a possible coup attempt by supporters of former Premier Phibun and other disaffected elements. These rumors may have been promoted by the government to pave the way for the elimination of certain leftist cabinet members and the arrest of opposition elements. Barring a split in the ruling clique, the government seems in no danger of being overthrown. [redacted]

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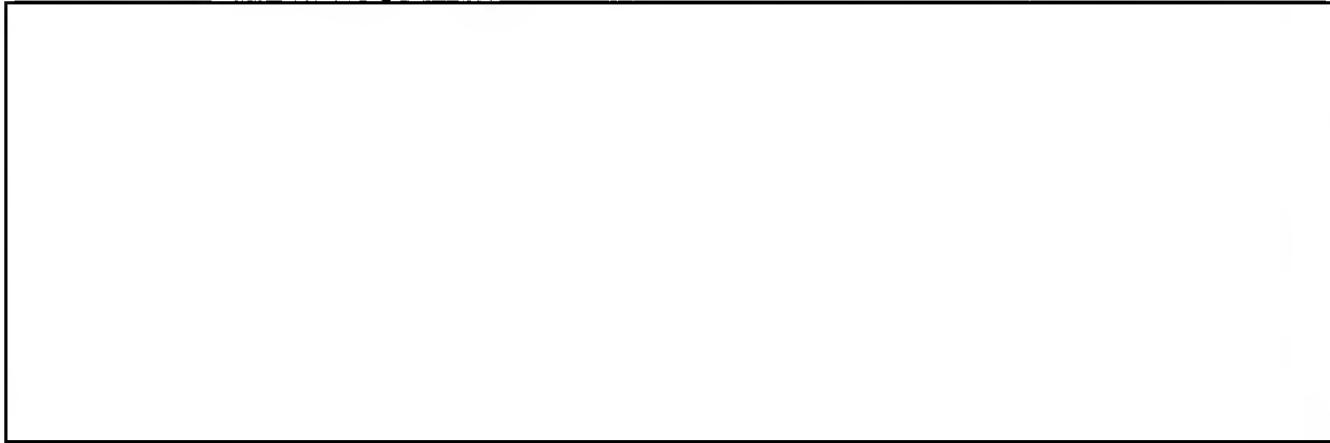
DAILY BRIEF

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India-Rumania: An Indian delegation left on 21 June for Bucharest to conduct negotiations on Rumania's offer to finance and construct an oil refinery worth an estimated \$20-30,000,000. There have been earlier reports that India had decided to accept the offer. Acceptance would expand Soviet bloc interest in the basic Indian steel, coal, and oil industries, where Indian Communist trade unions are making a major effort to increase their strength.

25X1



III. THE WEST

yes

Britain - Arabian Peninsula: Several rulers of the Western Aden Protectorate principalities are in London to form a federation. Britain hopes the new grouping may become the nucleus of a future independent Arab state which might help London retain some measure of influence in the Arabian Peninsula. Britain also plans to increase aid to the Sultan of Muscat, who is now visiting London.

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Cyprus-Greece-Turkey

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On 23 June, Turkey suddenly increased security measures around Greek, British, American, and NATO installations in Izmir, and troops moved into the city. While the American consul in Izmir was unable to secure an explanation from Turkish authorities, he was told that the situation should be clarified within three days. It is probable that reports have been received by the authorities that attacks are planned against one or more of the above installations, and they intend to prevent such an incident by a determined show of force.

Meanwhile, Governor Foot, after informing the American consul general in Nicosia that he had recommended no immediate action to implement Britain's new Cyprus proposals, flew to London on 24 June for consultations. In Athens, Archbishop Makarios announced that his diplomatic adviser, Zenon Rossides, was leaving for London for talks with government officials, although British officials announced they had, as yet, no plans to meet with him. Rossides will probably seek to discuss the return of Makarios to Cyprus--promised by Foot as soon as violence on the island is terminated. The Labor party will probably be careful in its statements during the debate on 26 June to avoid anything giving either Greece or Turkey cause to charge favoritism.

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Thai Political Situation

Marshal Sarit, the leader of Thailand's ruling military group, is reported seriously concerned over the political situation in Bangkok. He is described as being critical of the performance of the Thanom government during his long absence in the United States and feels that he might have to "take action."

Sarit's anxiety is probably in part fed by recent rumors of a possible coup attempt, either singly or in combination, by such widely disparate groups as supporters of former Premier Phibun, disaffected junior officers in the armed forces, pro-Communist opposition elements, and the royalists.

While plotting against the government, particularly by Phibun adherents, has doubtless been encouraged by Premier Thanom's hesitant and largely ineffectual rule, opposition elements are not believed strong enough at this time to undertake a coup d'etat. They could only hope to overthrow the government if joined by a major faction within the ruling clique, such as that led by General Prapat, the interior minister. Prapat has wasted no opportunity to increase his power during the past six months, but there are no firm indications that he is yet prepared to move against his chief, Sarit, to whom he continues to profess loyalty.

The government itself may be responsible for many of the coup rumors now circulating in Bangkok. Thanom has been hampered by two leftist cabinet ministers appointed as a sop to certain civilian elements in the governing National Socialist party. He may be laying the groundwork for their removal as well as for the arrest of potentially dangerous opponents, by accusing them of attempts to take over the government.

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Indian Delegation to Negotiate With Rumania for Oil Refinery

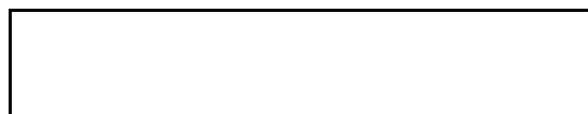
An Indian delegation left for Rumania on 21 June to discuss Rumania's offer of last March to help finance and construct a new oil refinery in India's northeasternmost state of Assam. The venture will be the first of its kind in which the Indian Government has participated directly. It has a one-third interest in the \$100,000,000 company formed with the British-owned Burmah Oil Company to exploit oil deposits in northeastern India.

The oil development program in eastern India involves the planned small refinery at Gauhati in Assam State, a larger refinery at Barauni in Bihar State, and a pipeline to carry crude oil from the Assam oil fields to Barauni. The Gauhati refinery will have a capacity of 750,000 tons annually and will probably cost between \$20,000,000 and \$30,000,000. Rumania may cover up to two thirds of the cost.

The Indian Government early in 1958 requested the USSR and Western oil companies to assist in the construction of the Barauni refinery, which may have a capacity of 2,000,000 tons and cost over \$40,000,000. Western companies are reluctant to invest in a partly government-owned establishment which will compete with privately owned refineries at Bombay, Visakhapatnam, and Digboi. The USSR has expressed a desire to assist with the Barauni refinery, but recent Indian financial difficulties apparently have resulted in postponement of construction until the Third Five-Year Plan (1961-66).

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Ethiopia Considering a Soviet Offer of Jet Aircraft

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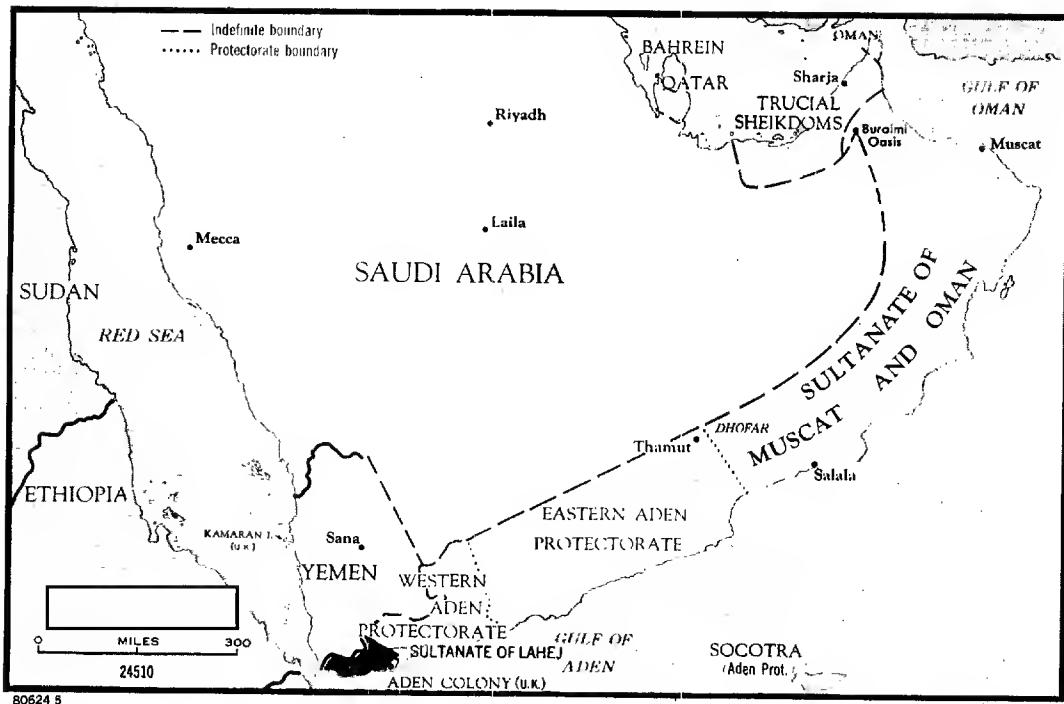
In the past, several cabinet ministers have expressed dissatisfaction with American military assistance provided under the 1953 agreement, but the Emperor has heretofore been steadfastly pro-Western. In May the Ethiopian foreign minister described as inadequate American plans to supply a few jet trainers and C-47 transports during the first phase of an air assistance program, and he hinted that the Emperor might take up a Communist offer if he were not satisfied with the American program.

Ethiopian officials, who are concerned about Egyptian and bloc activities in nearby Yemen, fear that Egypt will intensify its propaganda and subversive efforts in Eritrea and among the large Moslem population in the Ethiopian empire. They apparently believe that tangible evidence of American military support, such as significant air force assistance, would dissuade Cairo.

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III. THE WEST

Britain Encouraging Federation of Aden Protectorate Rulers

London is trying to retain its influence on the fringes of the Arabian Peninsula by increasing the capability of local rulers to resist Yemeni and Saudi subversion. Under British prompting, several rulers of the Western Aden Protectorate principalities are now in London discussing federation. London hopes such a federation might become the nucleus of an independent Arab state--presumably eventually including Aden Colony--under British influence. The level of British economic and military aid has not yet been set, and the rulers' ideas are considered extravagant by London.

A potential source of trouble is the hostility to federation shown by the pro-Yemeni Sultan of Lahej, whose large territory adjoins Aden Colony, but the rulers want to proceed without him. The British hope to mitigate anticipated Yemeni opposition by discussion with Yemeni representatives prior to the public announcement planned by the end of July.

Before the nominally independent Sultan of Muscat, who is also visiting London, concludes his visit about 3 July, the British plan to offer him \$1,400,000 in long-term development aid, plus at least \$1,092,000 annually for primarily military uses--a substantially larger program than was envisaged under the aid agreement made with him last January. To facilitate the Sultan's control over his domain and develop tribal loyalty through provision of tangible benefits, priority development projects will be road building, medical stations, and schools. The Sultan appears to be deliberately dragging out the talks, however, and the British have been unable to persuade him to meet with King Saud as a step toward settlement of the Buraimi Oasis dispute.

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